

Il termometro dei mercati finanziari (24 Settembre 2021)

a cura di *Emilio Barucci e Daniele Marazzina*

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L'iniziativa di Finriskalert.it "Il termometro dei mercati finanziari" vuole presentare un indicatore settimanale sul grado di turbolenza/tensione dei mercati finanziari, con particolare attenzione all'Italia.

Il termometro dei mercati finanziari						
24-set-21	Legenda					
Valutazione complessiva		Calma		↑	miglioramento	
				↔	stabile	
		Tensione		↓	peggioramento	
Mercati italiani	24-set		17-set	10-set	03-set	27-ago
Rendimento borsa italiana	1.01	↑	0.09	-1.45	0.22	0.34
Volatilità implicita borsa italiana	19.06	↑	19.44	18.40	17.56	17.68
CDS principali banche 10Ysub	341.23	↓	337.21	337.84	337.88	338.46
Tasso di interesse ITA 2Y	-0.47	↓	-0.48	-0.48	-0.49	-0.49
Spread ITA 10Y/2Y	1.26	↓	1.19	1.19	1.20	1.14
Mercati europei	24-set		17-set	10-set	03-set	27-ago
Rendimento borsa europea	0.67	↑	-0.95	-0.75	0.26	1.05
Volatilità implicita borsa europea	17.26	↑	17.88	16.44	14.79	14.82
Rendimento borsa ITA/Europa	0.34	↓	1.04	-0.70	-0.04	-0.71
Spread ITA/GER	1.01	↔	1.00	1.04	1.07	1.06
Spread EU/GER	0.49	↔	0.48	0.49	0.51	0.52
Politica monetaria, cambi e altro	24-set		17-set	10-set	03-set	27-ago
Euro/Dollaro	1.17	↔	1.174	1.183	1.188	1.179
Spread US/GER 10Y	1.69	↓	1.65	1.67	1.68	1.73
Euribor 6M	-0.528	↓	-0.522	-0.522	-0.520	-0.530
Prezzo Oro	1752	↔	1754	1794	1834	1808
Spread 10Y/2Y Euro Swap Curve	0.57	↓	0.54	0.49	0.47	0.42

Significato degli indicatori

- Rendimento borsa italiana: rendimento settimanale dell'indice della borsa italiana FTSEMIB;
- Volatilità implicita borsa italiana: volatilità implicita calcolata considerando le opzioni at-the-money sul FTSEMIB a 3 mesi;
- Future borsa italiana: valore del future sul FTSEMIB;
- CDS principali banche 10Ysub: CDS medio delle obbligazioni subordinate a 10 anni delle principali banche italiane (Unicredit, Intesa San Paolo, MPS, Banco BPM);
- Tasso di interesse ITA 2Y: tasso di interesse costruito sulla curva dei BTP con scadenza a due anni;
- Spread ITA 10Y/2Y : differenza del tasso di interesse dei BTP a 10 anni e a 2 anni;
- Rendimento borsa europea: rendimento settimanale dell'indice delle borse europee Eurostoxx;
- Volatilità implicita borsa europea: volatilità implicita calcolata sulle opzioni at-the-money sull'indice Eurostoxx a scadenza 3 mesi;
- Rendimento borsa ITA/Europa: differenza tra il rendimento settimanale della borsa italiana e quello delle borse europee, calcolato sugli indici FTSEMIB e Eurostoxx;

- Spread ITA/GER: differenza tra i tassi di interesse italiani e tedeschi a 10 anni;
- Spread EU/GER: differenza media tra i tassi di interesse dei principali paesi europei (Francia, Belgio, Spagna, Italia, Olanda) e quelli tedeschi a 10 anni;
- Euro/dollaro: tasso di cambio euro/dollaro;
- Spread US/GER 10Y: spread tra i tassi di interesse degli Stati Uniti e quelli tedeschi con scadenza 10 anni;
- Prezzo Oro: quotazione dell'oro (in USD)
- Spread 10Y/2Y Euro Swap Curve: differenza del tasso della curva EURO ZONE IRS 3M a 10Y e 2Y;
- Euribor 6M: tasso euribor a 6 mesi.

I colori sono assegnati in un'ottica VaR: se il valore riportato è superiore (inferiore) al quantile al 15%, il colore utilizzato è l'arancione. Se il valore riportato è superiore (inferiore) al quantile al 5% il colore utilizzato è il rosso. La banda (verso l'alto o verso il basso) viene selezionata, a seconda dell'indicatore, nella direzione dell'instabilità del mercato. I quantili vengono ricostruiti prendendo la serie storica di un anno di osservazioni: ad esempio, un valore in una casella rossa significa che appartiene al 5% dei valori meno positivi riscontrati nell'ultimo anno. Per le prime tre voci della sezione "Politica Monetaria", le bande per definire il colore sono simmetriche (valori in positivo e in negativo). I dati riportati provengono dal database Thomson Reuters. Infine, la tendenza mostra la dinamica in atto e viene rappresentata dalle frecce: ↑, ↓, ↔ indicano rispettivamente miglioramento, peggioramento, stabilità rispetto alla rilevazione precedente.

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EIOPA consult on the review of TP evaluation

a cura di *Silvia Dell'Acqua*

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While carrying out the revision process of SII during 2020,

EIOPA realized that insurers and supervisors are adopting several divergent practices regarding the Technical Provisions (TP) evaluation, leading to an unlevel playing field. To address this, EIOPA wishes for a revision of the existing guidelines, by introducing clarifications on the implementation of Future Management Actions (FMA), the usage of Expert Judgment (EJ), the expense modelling and allocation, the assumptions underlying the use of Economic Scenarios Generators (ESG) for the evaluation of Time Value of Options and Guarantees (TVOG), the Dynamic Policyholder Behaviour (DPHB) modelling, and the calculation of Expected Profits In Future Premiums (EPIFP).

Last 11 June 2021, the Authority published a consultation paper on the revision of the TP evaluation. Comments under the form of a survey shall be answered by next 12th of November 2021 and the contributions received and a Final Report will be made available at the end of the public consultation period; EIOPA will then submit the guidelines for adoption by its Board of Supervisors. EIOPA has already conducted an initial analysis of costs and benefits the new guidelines would bring and has already analysed different policy options throughout the policy development process, that are presented in the following, with amendments to the existing regulation underlined.

• FUTURE MANAGEMENT ACTIONS

To put the approver in the position of evaluating the consequences of retaining each FMA and the interaction between them, a complete view of all FMA and all the needed information shall be clearly provided.

Guideline 40a - Comprehensive management plan [new]

The FMA plan, approved by the administrative, management or supervisory body, shall be either in the form of a single document or a set of documents accompanied by an inventory, where all the assumption for the FMA used in the BE (Best Estimate) calculation are reported.

Guideline 40b - Consideration of new business (NB) in setting future management actions [new]

Realistic assumptions on NB and on other related topics (asset allocation, bond reinvestment or profit sharing) shall be considered and shall not be influenced by the application of contract boundaries. This does not require to project future profits linked to the NB, but rather to project investments profits based on the assumption of writing NB, if this was the case, for instance leaving unchanged the durations of assets and liabilities (that would otherwise decrease in a run off portfolio, leading to decreasing returns and to an underestimation of the profit sharing).

• ASSUMPTIONS and EXPERT JUDGEMENT

EJ is widely used by the undertakings when setting assumptions for valuation purposes and can modify the results in a sensible manner. EIOPA suggests clarifying the framework under the Standard Formula.

Consistent approach under both Standard Formula (SF) and Internal Models (IM)

- Option1: introduction of a full set of guidelines on EJ for valuation of TP under SF
- Option2: in a specific guidance, introduction of a reference to the guidelines on EJ for IM
- Option3: in recitals 1.3 reference to Chapter 4 of the IM guidelines on EJ (current situation)

As the recitals cannot enforce an obligation, EIOPA suggests choosing between Option 1 and 2, that are similar in terms of cost and benefits: undertaking should just slightly amend existing practices, with no material additional costs and supervisor authorities are expected to benefit an easier review of the calculation, with lower administrative costs. EIOPA promotes Option 1 as Option 2 would force the undertakings using SF to refer to guidelines not directly applicable, although ensuring a perfect consistency between SF and IM. All the following guidelines are identical to those established for IM, with an exception for 24a, where “*extreme losses conditions*” has been replaced with “*binary events, ...*”, a sentence more suitable for a SF context.

Guideline 24a - Materiality in assumptions setting [new]

Undertakings shall set the assumptions and EJ usage considering the materiality of the impact, that should be assessed both in a qualitative and quantitative manner, adopting binary events, extreme events and events not even appeared in historical data. Examples of such events would include environmental issues such as global warming, and legislative or political changes that might impact the sustainability of the business model (either by increasing claim amounts or by reducing the volumes of new business).

Guideline 24b - Governance of assumptions setting [new]

Undertakings shall assure that assumptions and EJ usage are derived and used consistently over time, are fit for their intended use, are approved at level of sufficiently seniority and follow a validated and documented process.

Guideline 24c - Communication and uncertainty in assumptions setting [new]

Undertakings shall establish a formal and documented feedback process between the providers and the users of material EJ and resulting assumptions, avoiding misunderstanding or miscommunication, by making the uncertainty of the assumptions and the associated variation of results crystal clear.

Guideline 24d - Documentation of assumptions setting [new]

The assumptions setting process shall be documented in a transparent manner, including the resulting assumptions and their materiality, the experts involved, the intended use and the period of validity.

Guideline 24e - Validation of assumptions setting [new]

The process for choosing assumptions and using EJ shall be validated. A document should report the validation process, the tool adopted (such as stress testing or sensitivity testing) and the changes of

material assumptions in response to new information, tracking and explaining the main changes as well as deviations of realizations from material assumptions.

• EXPENSE MODELLING and ALLOCATION

Thanks to its survey carried out in June 2019, EIOPA found several different practices of how investment management expenses are considered in the calculation of TP.

Proportion of investment management expenses to be considered

- Option1: expenses relating to all assets
- Option2: expenses relating to investments backing SII TP and SCR

[requires an approximation to be made because of a circular reference to SCR]

- Option3: expenses relating to investments backing SII TP
- Option4: expenses relating to investments backing SII BE
- Option5: expenses relating to investments backing the Local GAAP TP

All the options proposed would lead to a more prudent approaches than the current one (in order of increase in TP) and would impact a different quota share of the market, as reported in the table

Option	Life	Non-Life	Composite	Reinsurance
1	50%	50%	50%	40%
2	50%	40%	50%	50%
3	50%	30%	40%	40%
4	50%	30%	40%	30%
5	80%	90%	70%	90%

EIOPA promotes Option 2, that appears to be the most in line with article 78 (1) (1) of the SII Directive (all expenses that will be incurred have to be considered) and does not preclude the undertakings to pursue Option 1, considering all assets.

Management of expenses that the fund manager reimburses to the undertaking

- Option1: reimbursement should be considered as decrease of expenses
- Option2: reimbursement should be considered as other cash inflow
- Option3: reimbursement should not be considered

In the same survey, EIOPA observed that 60% of the undertakings stated that reimbursements were not considered or not material. EIOPA is in favour of Option 2, that leads to the same value of TP of Option 1, but with a higher SCR, as expenses are stressed. Option 3 would increase both the TP and SCR.

Guideline 28a - Investment management expenses [new]

Undertakings shall consider administrative and trading expenses related to an amount of investments at least equal to SII TP + SCR. Reimbursements of investment management expenses shall be considered as other incoming cash flows (and other outgoing cashflows in case the reimbursement is shared with the policyholders or other third parties).

Guideline 30 - Apportionment of expenses [amendment]

Undertakings shall allocate and project expenses in a realistic and objective manner, basing their allocation on both long-term business strategies and recent analyses of the operations, by identifying appropriate expense drivers. Regarding long-term business strategies, in case of run-off, the expense assumptions shall be amended accordingly to the process. Overheads can be allocated following the simplifications outlined in Technical Annex I, only in presence of annual new business and claims occurring uniformly during the coverage period.

Guideline 33 - Changes in expenses [amendment]

Undertakings shall ensure that the assumptions regarding the evolution of expenses over time are appropriate and consider the

nature of the expenses involved, the projected inflation and the dependency on other cash flows of the contracts.

• TVOG and ECONOMIC SCENARIO GENERATOR

Stochastic modelling of options and guarantees intends to capture their time value, which is not embedded in a deterministic projection. The profit sharing, that works under asymmetric basis (profits are shared with the policyholders, while losses are completely absorbed by the undertakings), is indeed very sensitive to the scenario considered and the combined effect of financial guarantees and surrender options can boost the impact.

Guideline 25 - Modelling biometric risk factors [amendment]

To decide whether a stochastic evaluation is needed to model the uncertainty of certain biometric risk factors, undertaking shall consider the duration of the liabilities and assess the error introduced in the results by the model chosen. Specificities of the risk factors shall be considered, and the level of correlation shall be based on historical data and EJ (removed: "as set out in the guidelines on EJ").

Guideline 53a - Use of stochastic valuation [new]

Undertakings shall make use of stochastic modelling in presence of any kind of profit-sharing mechanism with future benefits depending on the return of the assets and in presence of other financial guarantees (like technical rates), even more so when combined with options (like surrender options), whose dynamic modelling increases the value in extreme scenarios.

Guideline 57a - Market risk factors needed to deliver appropriate results [new]

Undertakings shall ensure that their modelling adequately reflects the volatility of their assets, by considering all the relevant sources of volatility, including spread risk and default risk and negative interest rates.

• DYNAMIC POLICYHOLDER BEHAVIOUR

The most modelled DPHB relates to surrender options, particularly relevant in stochastic scenarios, where dynamic lapses are path dependent. Undertakings shall properly consider the interaction between the relevant FMA and the DPHB: surrender levels can be linked to the comparison between contract return, directly influenced by the FMA, and a return offered by the market.

Guideline 37a - Dynamic policyholder behaviour [new]

The assumptions on the exercise rate shall be based on both statistical evidence (when representative of future conduct) and a sound EJ (if needed). Lack of data in extreme scenario shall not prevent from assuming the option to be exercised.

Guideline 37b - Bidirectional assumptions [new]

The dependency on the trigger event and the exercise rate of the option is bidirectional: both increases and decreases shall be considered.

Guideline 37c - Option to pay additional or different premiums [new]

All relevant contractual options shall be projected, including the

option to pay additional premiums (top ups) or to vary their amount.

• **EXPECTED PROFITS IN FUTURE PREMIUMS**

EPIFP are determined as the positive difference between the official calculation of TP without RM (Risk Margin) and a calculation of TP without RM under the assumption that future premiums (and related benefits) expected to emerge from existing contracts will not occur. EIOPA believes that the current set of guidelines fails to provide a clear regulatory framework and that the new one would ease the supervision and would require the undertakings to modify their assumptions and methodologies only slightly.

Detailed guidance on the calculation of EPIFP

- Option1: clarification on the assumptions to be used for the calculation
- Option2: no further clarification

Guideline 77 - Assumptions used to calculate EPIFP [amendment]

When calculating the EPIFP all the assumptions (mortality, lapse, expenses, time horizon, DPHB, FMA, ...) shall remain unchanged, but the expectation to receive future premiums, that must be nullified. Still, the policies should be treated as they continued to be in force (rather than being considered as surrendered) and the calculation should not include penalties, reductions, or any other type of adjustment to the theoretical actuarial valuation. Even if all assumptions on expenses should remain constant, the level of some expenses (such as acquisition or investment management) could be indirectly affected. Some acquisition expenses can be excluded, but all the fixed costs, such as salaries, shall remain unchanged; variable expenses will be only indirectly influenced by lower invested reserves resulting from no future premiums. The actuarial function should always validate EPIFP calculation.

Guideline 78 - Alternative approach to calculate EPIFP [new]

An alternative calculation, validated by the Actuarial Function, can be adopted if the one reported in Guideline 77 is too complex.

Reference:

“Consultation paper on the revision of the guidelines on valuation of technical provision”, EIOPA-BoS-21/302, 11/06/2021

Firms and banks to benefit from early adoption of green policies, ECB’s economy-wide climate stress test shows

25/09/2021 15:21:34

The European Central Bank (ECB) today published the [results](#) of its economy-wide climate stress test...

<https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210922~59ade4710b.en.html>

Solvency II: dalla Commissione UE le proposte di modifica

25/09/2021 15:20:38

La Commissione europea ha adottato una revisione della Direttiva 2009/138/CE sull’accesso ed esercizio delle attività di assicurazione e di riassicurazione (Solvency II) affinché le imprese di assicurazione possano aumentare gli investimenti a lungo termine nella ripresa dell’Europa dalla pandemia di COVID-19...

<http://www.dirittobancario.it/news/assicurazioni/solvency-ii-dalla-commissione-ue-le-proposte-di-modifica>

Chinese regulators unite forces to crack down on crypto

25/09/2021 15:19:23

The Chinese central bank is setting up a “coordination mechanism” with state agencies to continue battling crypto...

<https://cointelegraph.com/news/chinese-regulators-unite-forces-to-crack-down-on-crypto>

Bitcoin volatility continues as BTC price closes in on critical weekly close

25/09/2021 15:18:44

It's all about what happens to Bitcoin price action by the end of the week as \$1,000 swings up and down remain...

<https://cointelegraph.com/news/bitcoin-volatility-continues-as-btc-price-closes-in-on-critical-weekly-close>

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